

# CLARKE COUNTY, MISSISSIPPI

Audited Financial Statements and Special Reports  
For the Year Ended September 30, 2013

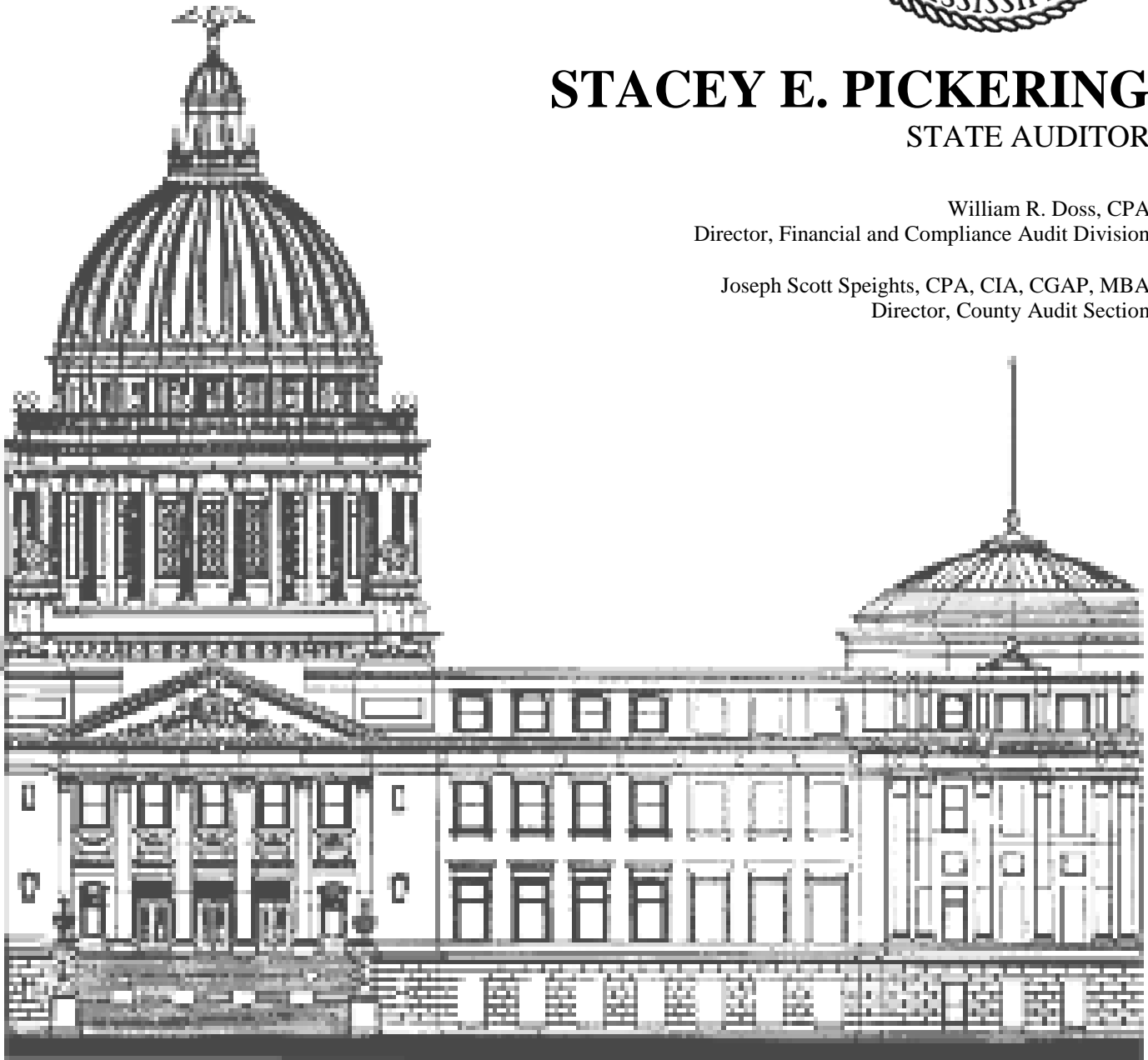


## STACEY E. PICKERING

STATE AUDITOR

William R. Doss, CPA  
Director, Financial and Compliance Audit Division

Joseph Scott Speights, CPA, CIA, CGAP, MBA  
Director, County Audit Section



A Report from the County Audit Section

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**STATE OF MISSISSIPPI**  
**OFFICE OF THE STATE AUDITOR**  
**STACEY E. PICKERING**  
AUDITOR

May 19, 2014

Members of the Board of Supervisors  
Clarke County, Mississippi

Dear Board Members:

I am pleased to submit to you the 2013 financial and compliance audit report for Clarke County. This audit was performed pursuant to Section 7-7-211(e), Mississippi Code Ann. (1972). The audit was performed in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

I appreciate the cooperation and courtesy extended by the officials and employees of Clarke County throughout the audit. Thank you for working to move Mississippi forward by serving as a supervisor for Clarke County. If I or this office can be of any further assistance, please contact me or J. Scott Speights of my staff at (601) 576-2674.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Stacey E. Pickering", is written over a horizontal line.

Stacey E. Pickering  
State Auditor



CLARKE COUNTY

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CLARKE COUNTY

FINANCIAL SECTION

CLARKE COUNTY

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**STATE OF MISSISSIPPI  
OFFICE OF THE STATE AUDITOR  
STACEY E. PICKERING  
AUDITOR**

**INDEPENDENT AUDITOR'S REPORT**

Members of the Board of Supervisors  
Clarke County, Mississippi

**Report on the Financial Statements**

We have audited the accompanying cash basis financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Clarke County, Mississippi, (the County) as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the basic financial statements of the County's primary government as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting as described in Note 1. This includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units**

The financial statements do not include financial data for the County's legally separate component units. Accounting principles applicable to the County's cash basis of accounting require the financial data for those component units to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component units. The County has not issued such reporting entity financial statements. The amount by which this departure would affect the cash basis assets, net position, receipts and disbursements of the aggregate discretely presented component units is not reasonably determinable.

## **Adverse Opinion**

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units" paragraph, the financial statements referred to above do not present fairly, the cash basis financial position of the aggregate discretely presented component units of Clarke County, Mississippi, as of September 30, 2013, or the changes in cash basis financial position thereof for the year then ended in accordance with accounting principles applicable to the County's cash basis of accounting.

## **Unmodified Opinions**

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective cash basis financial position of the governmental activities, each major fund and the aggregate remaining fund information of Clarke County, Mississippi, as of September 30, 2013, and the respective changes in cash basis financial position thereof for the year then ended, in accordance with the basis of accounting described in Note 1.

## **Basis of Accounting**

We draw attention to Note 1 of the financial statements which describes that, Clarke County, Mississippi prepares its financial statements on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

## **Other Matters**

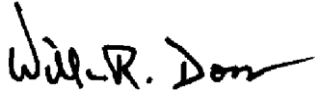
### *Report on Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Clarke County, Mississippi's basic financial statements. The accompanying Schedule of Operating Costs of Solid Waste is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The Schedule of Operating Costs of Solid Waste has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Operating Costs of Solid Waste is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The Budgetary Comparison Schedules, Schedule of Interfund Advances, Schedule of Capital Assets, Schedule of Changes in Long-term Debt, Schedule of Surety Bonds for County Officials and corresponding notes have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on such information.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 19, 2014, on our consideration of Clarke County, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Clarke County, Mississippi's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Will R. Dooss". The signature is written in a cursive, slightly stylized font.

WILLIAM R. DOSS, CPA  
Director, Financial and Compliance Audit Division

May 19, 2014

CLARKE COUNTY

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CLARKE COUNTY

FINANCIAL STATEMENTS

CLARKE COUNTY

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CLARKE COUNTY  
Statement of Net Position - Cash Basis  
September 30, 2013

Exhibit 1

	<u>Primary Government</u>
	<u>Governmental</u>
	<u>Activities</u>
ASSETS	
Cash	\$ 3,689,152
Total Assets	<u>3,689,152</u>
NET POSITION	
Restricted:	
Expendable:	
General government	156,053
Public safety	328,736
Public works	816,391
Conservation of natural resources	3,154
Economic development and assistance	20,902
Debt service	37,993
Unemployment compensation	34,798
Unrestricted	<u>2,291,125</u>
Total Net Position	<u>\$ 3,689,152</u>

The notes to the financial statements are an integral part of this statement.

CLARKE COUNTY  
Statement of Activities- Cash Basis  
For the Year Ended September 30, 2013

Exhibit 2

Functions/Programs	Cash Disbursements	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities
Primary government:					
Governmental activities:					
General government	\$ 2,677,358	283,656	9,942		(2,383,760)
Public safety	3,316,865	233,620	617,446	74,500	(2,391,299)
Public works	3,957,879	316,180	194,943	260,305	(3,186,451)
Health and welfare	119,532		58,353		(61,179)
Culture and recreation	93,764		15,459	85,998	7,693
Conservation of natural resources	138,418				(138,418)
Economic development and assistance	327,548				(327,548)
Debt service:					
Principal	402,949				(402,949)
Interest	18,293				(18,293)
Total Governmental Activities	<u>11,052,606</u>	<u>833,456</u>	<u>896,143</u>	<u>420,803</u>	<u>(8,902,204)</u>
General receipts:					
Property taxes				\$	7,146,818
Road & bridge privilege taxes					217,067
Grants and contributions not restricted to specific programs					945,248
Unrestricted interest income					22,118
Miscellaneous					348,502
Sale of county property					51,833
Compensation for loss of county property					7,515
Total General Receipts and Other Cash Sources					<u>8,739,101</u>
Changes in Net Position					<u>(163,103)</u>
Net Position - Beginning					<u>3,852,255</u>
Net Position - Ending				\$	<u>3,689,152</u>

The notes to the financial statements are an integral part of this statement.

## CLARKE COUNTY

Exhibit 3

## Statement of Cash Basis Assets and Fund Balances

## Governmental Funds

September 30, 2013

	<u>Major Funds</u>		<u>Other</u>	<u>Total</u>
	<u>General</u>	<u>General Road</u>	<u>Governmental</u>	<u>Governmental</u>
	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>	<u>Funds</u>
ASSETS				
Cash	\$ 2,291,125	483,088	914,939	3,689,152
Total Assets	<u>\$ 2,291,125</u>	<u>483,088</u>	<u>914,939</u>	<u>3,689,152</u>
FUND BALANCES				
Restricted for:				
General government			156,053	156,053
Public safety			328,736	328,736
Public works		483,088	333,303	816,391
Conservation of natural resources			3,154	3,154
Economic development and assistance			20,902	20,902
Debt service			37,993	37,993
Unemployment compensation			34,798	34,798
Unassigned	2,291,125			2,291,125
Total Fund Balances	<u>\$ 2,291,125</u>	<u>483,088</u>	<u>914,939</u>	<u>3,689,152</u>

The notes to the financial statements are an integral part of this statement.

## CLARKE COUNTY

Exhibit 4

Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances -  
 Governmental Funds  
 For the Year Ended September 30, 2013

	Major Funds		Other	Total
	General	General Road	Governmental	Governmental
	Fund	Fund	Funds	Funds
<b>RECEIPTS</b>				
Property taxes	\$ 3,569,438	1,480,032	2,097,348	7,146,818
Road and bridge privilege taxes		217,067		217,067
Licenses, commissions and other receipts	113,624	2,817	4,140	120,581
Fines and forfeitures	212,130			212,130
Intergovernmental receipts	1,121,071	653,543	487,580	2,262,194
Charges for services	28,066		472,679	500,745
Interest income	17,251	1,660	3,207	22,118
Miscellaneous receipts	247,023	69,179	32,300	348,502
Total Receipts	<u>5,308,603</u>	<u>2,424,298</u>	<u>3,097,254</u>	<u>10,830,155</u>
<b>DISBURSEMENTS</b>				
General government	2,427,712		249,646	2,677,358
Public safety	2,528,221		788,644	3,316,865
Public works	117,383	2,244,091	1,596,405	3,957,879
Health and welfare	119,532			119,532
Culture and recreation	90,764		3,000	93,764
Conservation of natural resources	52,383		86,035	138,418
Economic development and assistance	12,958		314,590	327,548
Debt service:				
Principal	79,946		323,003	402,949
Interest	8,582		9,711	18,293
Total Disbursements	<u>5,437,481</u>	<u>2,244,091</u>	<u>3,371,034</u>	<u>11,052,606</u>
Excess (Deficiency) of Receipts over Disbursements	<u>(128,878)</u>	<u>180,207</u>	<u>(273,780)</u>	<u>(222,451)</u>
<b>OTHER CASH SOURCES (USES)</b>				
Sale of county property	3,326	23,065	25,442	51,833
Compensation for loss of county property	7,515			7,515
Total Other Cash Sources and Uses	<u>10,841</u>	<u>23,065</u>	<u>25,442</u>	<u>59,348</u>
Excess (Deficiency) of Receipts and other Cash Sources over Disbursements and other Cash Uses	<u>(118,037)</u>	<u>203,272</u>	<u>(248,338)</u>	<u>(163,103)</u>
Cash Basis Fund Balances - Beginning	<u>2,409,162</u>	<u>279,816</u>	<u>1,163,277</u>	<u>3,852,255</u>
Cash Basis Fund Balances - Ending	<u>\$ 2,291,125</u>	<u>483,088</u>	<u>914,939</u>	<u>3,689,152</u>

The notes to the financial statements are an integral part of this statement.

CLARKE COUNTY  
Statement of Fiduciary Assets and Liabilities - Cash Basis  
September 30, 2013

Exhibit 5

		Agency Funds
ASSETS		
Cash	\$	183,959
Total Assets	\$	183,959
LIABILITIES		
Amounts held in custody for others	\$	183,959
Total Liabilities	\$	183,959

The notes to the financial statements are an integral part of this statement.

CLARKE COUNTY

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## CLARKE COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2013

#### (1) Summary of Significant Accounting Policies.

##### A. Financial Reporting Entity.

Clarke County is a political subdivision of the State of Mississippi. The County is governed by an elected five-member Board of Supervisors. The financial statements of the County are presented on a cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America as established by the Governmental Accounting Standards Board. These accounting principles require Clarke County to present these financial statements on the primary government and its component units which have significant operational or financial relationships with the County.

Management has chosen to omit from these financial statements the following component units which have significant operational or financial relationships with the County. Accordingly, the financial statements do not include the data of all of the County's component units necessary for reporting in accordance with accounting principles applicable to the County's cash basis of accounting.

- Clarke County Airport Board
- Clarke County Economic Development District

State law pertaining to county government provides for the independent election of county officials. The following elected and appointed officials are all part of the County legal entity and therefore are reported as part of the primary government financial statements.

- Board of Supervisors
- Chancery Clerk
- Circuit Clerk
- Justice Court Clerk
- Purchase Clerk
- Tax Assessor-Collector
- Sheriff

##### B. Basis of Presentation.

The County's basic financial statements consist of government-wide statements, including a Statement of Net Position – Cash Basis and a Statement of Activities – Cash Basis, fund financial statements and accompanying note disclosures which provide a detailed level of financial information.

##### Government-wide Financial Statements:

The Statement of Net Position – Cash Basis and Statement of Activities – Cash Basis display information concerning the County as a whole. The statements include all nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are generally financed through taxes, intergovernmental receipts and other nonexchange receipts.

The Statement of Net Position – Cash Basis presents the financial condition of the governmental activities of the County at year-end. The Government-wide Statement of Activities – Cash Basis presents a comparison between direct disbursements and program receipts for each function or program of the County's governmental activities. Direct disbursements are those that are specifically associated with a service, program or department and therefore, are clearly identifiable to a particular function. Program receipts include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program.

## CLARKE COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2013

Taxes and other receipts not classified as program receipts are presented as general receipts of the County, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing or draws from the general receipts of the County.

#### Fund Financial Statements:

Fund financial statements of the County are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, fund equity, receipts and disbursements. Funds are organized into governmental and fiduciary. Major individual Governmental Funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column as Other Governmental Funds.

#### C. Measurement Focus and Basis of Accounting.

The Government-wide, Governmental Funds and Fiduciary Funds financial statements are presented on a cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board. This basis of accounting involves the reporting of only cash and cash equivalents and the changes therein resulting from cash inflows (cash receipts) and cash outflows (cash disbursements) reported in the period in which they occurred. This cash basis of accounting differs from GAAP primarily because revenues (cash receipts) are recognized when received in cash rather than when earned and susceptible to accrual, and expenditures or expenses (cash disbursements) are recognized when paid rather than when incurred or subject to accrual.

The County reports the following major Governmental Funds:

General Fund - This fund is used to account for and report all financial resources not accounted for and reported in another fund.

General Road Fund - This fund is used to account for monies from specific sources that are restricted for road maintenance.

Additionally, the County reports the following fund types:

#### GOVERNMENTAL FUND TYPES

Special Revenue Funds - These funds are used to account for and report the proceeds of specific cash sources that are restricted or committed to disbursement for specified purposes other than debt service or capital projects.

Debt Service Funds - These funds are used to account for and report financial resources that are restricted, committed, or assigned to disbursement for principal and interest.

#### FIDUCIARY FUND TYPE

Agency Funds - These funds account for various taxes, deposits and other monies collected or held by the County, acting in the capacity of an agent, for distribution to other governmental units or designated beneficiaries.

#### D. Account Classifications.

The account classifications used in the financial statements conform to the broad classifications recommended in *Governmental Accounting, Auditing and Financial Reporting* as issued in 2012 by the Government Finance Officers Association.

## CLARKE COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2013

#### E. Deposits.

State law authorizes the County to invest in interest bearing time certificates of deposit for periods of fourteen days to one year with depositories and in obligations of the U.S. Treasury, State of Mississippi, or any county, municipality or school district of this state. Further, the County may invest in certain repurchase agreements.

Cash includes cash on hand, demand deposits, all certificates of deposit and cash equivalents, which are short-term highly liquid investments that are readily convertible to cash (generally three months or less).

#### F. Equity Classifications.

Government-wide Financial Statements:

Equity is classified as net position and displayed in two components:

Restricted net position - Consists of net position with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or law through constitutional provisions or enabling legislation.

Unrestricted net position - All other net position not meeting the definition of "restricted."

Fund Financial Statements:

Fund balances for governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Governmental fund balance is classified as nonspendable, restricted, committed, assigned or unassigned. The following are descriptions of fund classifications used by the County:

*Restricted fund balance* includes amounts that have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.

*Unassigned fund balance* is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds if disbursements paid for specific purposes exceeded the amounts restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

When a disbursement is paid for purposes for which both restricted and unrestricted (committed, assigned or unassigned) resources are available, it is the County's general policy to use restricted resources first. When disbursements are paid for purposes for which unrestricted (committed, assigned and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the County's general policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

#### G. Property Tax Receipts.

Numerous statutes exist under which the Board of Supervisors may levy property taxes. The selection of authorities is made based on the objectives and responsibilities of the County. Restrictions associated with property tax levies vary with the statutory authority. The amount of increase in certain property taxes is limited by state law. Generally, this restriction provides that these tax levies shall produce no more than 110% of the amount which resulted from the assessments of the previous year.

## CLARKE COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2013

The Board of Supervisors, each year at a meeting in September, levies property taxes for the ensuing fiscal year which begins on October 1. Real property taxes become a lien on January 1 of the current year, and personal property taxes become a lien on March 1 of the current year. Taxes on both real and personal property, however, are due on or before February 1 of the next succeeding year. Taxes on motor vehicles and mobile homes become a lien and are due in the month that coincides with the month of original purchase. All property taxes are recognized as receipts when collected.

#### (2) Deposits.

The carrying amount of the County's total deposits with financial institutions at September 30, 2013, was \$3,873,111, and the bank balance was \$4,030,944. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

**Custodial Credit Risk - Deposits.** Custodial credit risk is the risk that in the event of the failure of a financial institution, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. The County does not have a formal policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the County. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the County.

#### (3) Claims and Judgments.

##### Risk Financing.

The County finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The County pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$1,000,000 for each accident and completely covers statutory limits set by the Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation, effective from January 1, 2013, to January 1, 2014. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

#### (4) Contingencies.

**Federal Grants** - The County has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the disbursements of resources for allowable purposes. The County may be responsible for any disallowances.

**Litigation** - The County is party to legal proceedings, many of which occur in the normal course of governmental operations. It is not possible at the present time to estimate ultimate outcome or liability, if any, of the County with respect to the various proceedings. However, the County's legal counsel believes that ultimate liability resulting from these lawsuits will not have a material adverse effect on the financial condition of the County.

## CLARKE COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2013

#### (5) Joint Ventures.

The County participates in the following joint venture:

Clarke County is a participant with Jasper County in a joint venture, authorized by Section 39-3-11, Miss. Code Ann. (1972), to operate the East Mississippi Regional Library System. The joint venture was created to provide free public library service to citizens of the respective counties, and is governed by a five-member board. The two counties rotate board appointments so that each County has a majority of board members in alternate years. Each County is obligated by contract to levy not less than one-half mill tax as provided by Section 39-3-35, Miss. Code Ann. (1972), for the ongoing financial support of the joint venture. For fiscal year 2013, Clarke County contributed \$103,000. Complete financial statements for the East Mississippi Regional Library System can be obtained from the East Mississippi Regional Library, Quitman, Mississippi.

#### (6) Jointly Governed Organizations.

The County participates in the following jointly governed organizations:

Mid-Mississippi Development District operates in a district composed of the counties of Clarke, Jasper, Lauderdale, Newton, Scott and Smith. The district was organized to foster, encourage and facilitate economic development in the member counties. The County provided no financial support for the district in fiscal year 2013.

Central Mississippi Emergency Medical Services District is composed of the counties of Attala, Clarke, Copiah, Holmes, Lauderdale, Leake, Madison, Neshoba, Rankin, Scott, Smith, Warren and Yazoo counties. The Clarke County Board of Supervisors appoints two of the 26 members of the board. The County provided no financial support for the district in fiscal year 2013.

East Central Planning and Development District operates in a district composed of the counties of Clarke, Jasper, Kemper, Lauderdale, Leake, Neshoba, Newton, Scott and Smith. The Clarke County Board of Supervisors appoints one of the 15 members of the board of directors. The County contributed \$12,958 for support of the district in fiscal year 2013.

Jones County Junior College operates in a district composed of the counties of Clarke, Covington, Greene, Jasper, Jones, Perry, Smith and Wayne. The Clarke County Board of Supervisors appoints two of the 25 members of the college board of trustees. The County contributed \$250,034 for maintenance and support of the college in fiscal year 2013.

Multi-County Community Service Agency operates in a district composed of the counties of Clarke, Jasper, Kemper, Lauderdale, Newton and Wayne. The entity was created to administer programs conducted by community action agencies, limited purpose agencies and related programs authorized by federal law. The Clarke County Board of Supervisors appoints one of the 24 members of the board of directors. Most of the funding for the entity is derived from federal sources. The County provided no financial support for the district in fiscal year 2013.

Region Ten Mental Health – Mental Retardation Commission operates in a district composed of the counties of Clarke, Jasper, Kemper, Lauderdale, Leake, Neshoba, Newton, Scott and Smith. The Clarke County Board of Supervisors appoints one of the nine members of the board of commissioners. The County contributed \$26,012 for support of the commission in fiscal year 2013.

#### (7) Defined Benefit Pension Plan.

Plan Description. Clarke County, Mississippi, contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer, defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Benefit provisions are established by state law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling 1-800-444-PERS.

## CLARKE COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2013

Funding Policy. At September 30, 2013, PERS members were required to contribute 9% of their annual covered salary, and the County is required to contribute at an actuarially determined rate. The rate at September 30, 2013 was 15.75% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The County's contributions (employer share only) to PERS for the years ending September 30, 2013, 2012 and 2011 were \$503,331, \$412,838 and \$366,898, respectively, equal to the required contributions for each year.

CLARKE COUNTY

SUPPLEMENTAL INFORMATION

CLARKE COUNTY

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CLARKE COUNTY

Schedule of Operating Costs of Solid Waste  
For the Year Ended September 30, 2013

Operating Disbursements, Cash Basis:

Salaries	\$	499,993
Contractual garbage disposal fees		124,113
Expendable Commodities:		
Gasoline and petroleum products		88,063
Repair parts		43,178
Capital Outlay		79,820
Maintenance		1,680
Insurance on equipment		9,844
Supplies, utilities, and other operating disbursements		<u>7,689</u>
Solid Waste Operating Cost Disbursements	\$	<u>854,380</u>

CLARKE COUNTY

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CLARKE COUNTY

OTHER INFORMATION

CLARKE COUNTY

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CLARKE COUNTY  
 Budgetary Comparison Schedule -  
 Budget and Actual (Non-GAAP Basis)  
 General Fund  
 For the Year Ended September 30, 2013  
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Property taxes	\$ 3,740,320	3,569,438	3,569,438	
Licenses, commissions and other receipts	91,900	113,624	113,624	
Fines and forfeitures	244,000	212,130	212,130	
Intergovernmental receipts	890,900	1,121,071	1,121,071	
Charges for services	28,500	28,066	28,066	
Interest income	21,500	17,251	17,251	
Miscellaneous receipts	252,525	247,023	247,023	
Total Receipts	<u>5,269,645</u>	<u>5,308,603</u>	<u>5,308,603</u>	<u>0</u>
<b>DISBURSEMENTS</b>				
Current:				
General government	3,286,834	2,427,712	2,427,712	
Public safety	2,335,680	2,528,221	2,528,221	
Public works	91,370	117,383	117,383	
Health and welfare	134,082	119,532	119,532	
Culture and recreation	0	90,764	90,764	
Conservation of natural resources	51,917	52,383	52,383	
Economic development and assistance	12,958	12,958	12,958	
Debt service:				
Principal	79,946	79,946	79,946	
Interest	8,582	8,582	8,582	
Total Disbursements	<u>6,001,369</u>	<u>5,437,481</u>	<u>5,437,481</u>	<u>0</u>
Excess of Receipts over (under) Disbursements	<u>(731,724)</u>	<u>(128,878)</u>	<u>(128,878)</u>	<u>0</u>
<b>OTHER CASH SOURCES (USES)</b>				
Sale of county property		3,326	3,326	
Compensation for loss of county property		7,515	7,515	
Other financing sources	1,379,650			
Other financing uses	(647,926)			
Total Other Cash Sources and Uses	<u>731,724</u>	<u>10,841</u>	<u>10,841</u>	<u>0</u>
Net Change in Fund Balance		(118,037)	(118,037)	
Fund Balances - Beginning	<u>2,409,162</u>	<u>2,409,162</u>	<u>2,409,162</u>	<u>0</u>
Fund Balances - Ending	<u>\$ 2,409,162</u>	<u>2,291,125</u>	<u>2,291,125</u>	<u>0</u>

The accompanying notes to the Other Information are an integral part of this statement.

CLARKE COUNTY  
 Budgetary Comparison Schedule -  
 Budget and Actual (Non-GAAP Basis)  
 General Road Fund  
 For the Year Ended September 30, 2013  
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
RECEIPTS				
Property taxes	\$ 1,342,703	1,480,032	1,480,032	
Road and bridge privilege taxes	215,000	217,067	217,067	
Licenses, commissions and other receipts		2,817	2,817	
Intergovernmental receipts	570,000	653,543	653,543	
Interest income	3,000	1,660	1,660	
Miscellaneous receipts		69,179	69,179	
Total Receipts	<u>2,130,703</u>	<u>2,424,298</u>	<u>2,424,298</u>	<u>0</u>
DISBURSEMENTS				
Current:				
Public works	<u>2,290,703</u>	<u>2,244,091</u>	<u>2,244,091</u>	
Total Disbursements	<u>2,290,703</u>	<u>2,244,091</u>	<u>2,244,091</u>	<u>0</u>
Excess of Receipts over (under) Disbursements	<u>(160,000)</u>	<u>180,207</u>	<u>180,207</u>	<u>0</u>
OTHER CASH SOURCES (USES)				
Sale of county property	10,000	23,065	23,065	
Other financing sources	<u>150,000</u>			
Total Other Cash Sources and Uses	<u>160,000</u>	<u>23,065</u>	<u>23,065</u>	<u>0</u>
Net Change in Fund Balance		203,272	203,272	
Fund Balances - Beginning	<u>279,816</u>	<u>279,816</u>	<u>279,816</u>	
Fund Balances - Ending	<u>\$ 279,816</u>	<u>483,088</u>	<u>483,088</u>	<u>0</u>

The accompanying notes to the Other Information are an integral part of this statement.

CLARKE COUNTY  
Schedule of Interfund Advances  
For the Year Ended September 30, 2013  
UNAUDITED

The following is a summary of interfund balances at September 30, 2013:

A. Advances from/to Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Balance at Sept. 30, 2013</u>
Other Governmental Funds	General Road Fund	\$ <u>7,820</u>

The amount payable to Other Governmental Funds represents an operating loan. All advances are not expected to be repaid within one year from the date of the financial statements.

CLARKE COUNTY  
Schedule of Capital Assets  
For the Year Ended September 30, 2013  
UNAUDITED

**Governmental activities:**

	Balance Oct. 1, 2012	Additions	Deletions	Adjustments	Balance Sept. 30, 2013
Land	\$ 258,059	54,546			312,605
Infrastructure	61,954,014	852,372	144,949		62,661,437
Buildings	7,673,325	32,190			7,705,515
Improvements other than buildings	591,047	45,836			636,883
Mobile equipment	7,240,235	497,573	249,904		7,487,904
Furniture and equipment	878,863	42,757	98,963		822,657
Leased property under capital leases	510,176				510,176
Total capital assets	\$ 79,105,719	1,525,274	493,816	0	80,137,177

CLARKE COUNTY  
Schedule of Changes in Long-term Debt  
For the Year Ended September 30, 2013  
UNAUDITED

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2013:

Description and Purpose	Issue Date	Maturity Date	Interest Rate	Balance Oct. 1, 2012	Issued	Principal Payments	Balance Sept. 30, 2013
<b>Governmental Activities:</b>							
A. General Obligation Bonds:							
Series 2002B - Annex /Jail	8/27/2002	4/1/2013	4.15/4.20%	\$ 270,000		270,000	-
B. Capital Leases:							
Courthouse improvements and restoration	12/17/2007	11/1/2014	5.69%	203,264		79,946	123,318
C. Other Loans:							
USA Fabrics expansion loan	3/6/2004	8/1/2014	3.00%	208,350			208,350
Citadel Building Products expansion loan	7/25/2006	7/1/2013	3.00%	144,344			144,344
DECD loan for five fire trucks	2/22/2008	3/1/2015	2.00%	134,519		53,003	81,516
Total				\$ 960,477	-	402,949	557,528

The accompanying notes to the Other Information are an integral part of this statement.

CLARKE COUNTY  
Schedule of Surety Bonds for County Officials  
For the Year Ended September 30, 2013  
UNAUDITED

Name	Position	Company	Bond
Darrick Marshall	Supervisor District 1	Western Surety Company	\$100,000
Cleveland Peebles	Supervisor District 2	Western Surety Company	\$100,000
Troy Smith	Supervisor District 3	Western Surety Company	\$100,000
Paul Mosley	Supervisor District 4	Western Surety Company	\$100,000
Mickey Long	Supervisor District 5	Western Surety Company	\$100,000
Diane Wright	County Administrator	Western Surety Company	\$100,000
Angie Chisholm	Chancery Clerk	Western Surety Company	\$100,000
Suzanne Dennis	Purchase Clerk	Western Surety Company	\$75,000
Diane Wright	Assistant Purchase Clerk	Travelers	\$50,000
Paula H. Boney	Receiving Clerk	Western Surety Company	\$75,000
Larry Lucas	Receiving Clerk	Western Surety Company	\$75,000
Mary Haddox	Assistant Receiving Clerk	Western Surety Company	\$50,000
Susan Bonner	Inventory Control Clerk	Western Surety Company	\$75,000
John Travis Tindle	Road Manager	Western Surety Company	\$100,000
Benny Staten	Constable	Travelers	\$50,000
Donald Campbell	Constable	Travelers	\$50,000
Beth Doggett Jordan	Circuit Clerk	Western Surety Company	\$100,000
Sally Wedgeworth	Deputy Circuit Clerk	Western Surety Company	\$50,000
Wanda J. Hearn	Deputy Circuit Clerk	Western Surety Company	\$50,000
Todd Kemp	Sheriff	Western Surety Company	\$100,000
Toby Lee Bartee	Justice Court Judge	Western Surety Company	\$50,000
Marcell Goodman	Justice Court Judge	Western Surety Company	\$50,000
Terry L. Bonner	Justice Court Clerk	Western Surety Company	\$50,000
Terina Pyffer	Deputy Justice Court Clerk	Western Surety Company	\$50,000
Linda Kaye West	Deputy Justice Court Clerk	Western Surety Company	\$50,000
Hope Herrington	Tax Collector-Assessor	Western Surety Company	\$100,000
Robert Peterson	Deputy Tax Collector-Assessor	Western Surety Company	\$10,000

# CLARKE COUNTY

## Notes to Other Information For the Year Ended September 30, 2013

### (1) Budgetary Comparison Information.

#### A. Budgetary Information.

Statutory requirements dictate how and when the County's budget is to be prepared. Generally, in the month of August, prior to the ensuing fiscal year beginning each October 1, the Board of Supervisors of the County, using historical and anticipated fiscal data and proposed budgets submitted by the Sheriff and the Tax Assessor-Collector for his or her respective department, prepares an original budget for each of the Governmental Funds for said fiscal year. The completed budget for the fiscal year includes for each fund every source of receipt, each general item of disbursement, and the unencumbered cash and investment balances. When during the fiscal year it appears to the Board of Supervisors that budgetary estimates will not be met, it may make revisions to the budget.

The County's budget is prepared principally on the cash basis of accounting. All appropriations lapse at year end, and there are no encumbrances to budget because state law does not require that funds be available when goods or services are ordered, only when payment is made.

#### B. Basis of Presentation.

The Budgetary Comparison Schedule - Budget and Actual presents the original legally adopted budget, the final legally adopted budget, actual amounts on a budgetary basis and variances between the final budget and the actual amounts. The schedule is presented for the General Fund and each major Special Revenue Fund.

### (2) Long-term Debt information:

A. Legal Debt Margin - The amount of debt, excluding specific exempted debt that can be incurred by the County is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the County, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the county. As of September 30, 2013, the amount of outstanding debt was less than 1% of the latest property assessments.

#### B. Subsequent Events.

Subsequent to September 30, 2013, the County issued the following debt obligations:

Issue Date	Interest Rate	Issue Amount	Type of Financing	Source of Financing
11/4/2013	0.00%	\$ 1,360,000	General Obligation Bond	Ad valorem taxes

On July 22, 2013, Clarke County issued a \$2,000,000 CAP Loan through the State of Mississippi, but had not drawn down any funds as of September 30, 2013. Subsequently, as of May 19, 2014, the County has received five draws from the State totaling \$560,234 as follows:

Application #1	11/6/2013	\$ 53,200.00
Application #2	12/4/2013	15,770.00
Application #3	1/24/2014	122,835
Application #4	1/24/2014	146,455.80
Application #5	2/24/2014	221,973.20

CLARKE COUNTY

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## CLARKE COUNTY

## SPECIAL REPORTS

CLARKE COUNTY

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**STATE OF MISSISSIPPI  
OFFICE OF THE STATE AUDITOR  
STACEY E. PICKERING  
AUDITOR**

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE  
FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Members of the Board of Supervisors  
Clarke County, Mississippi

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Clarke County, Mississippi, (the County) as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated May 19, 2014. Our report includes an adverse opinion on the aggregate discretely presented component units due to the omission of the discretely presented component units which are required by accounting principles applicable to the County's cash basis of accounting to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component units.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Clarke County, Mississippi's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Clarke County, Mississippi's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control described in the accompanying Schedule of Findings and Responses as 2013-001 that we consider to be a significant deficiency.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Clarke County, Mississippi's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters which we have reported to the management of Clarke County, Mississippi, in the Limited Internal Control and Compliance Review Management Report dated May 19, 2014, included within this document.

### **Clarke County's Response to Finding**

Clarke County's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Responses. Clarke County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited.

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WILLIAM R. DOSS, CPA  
Director, Financial and Compliance Audit Division

May 19, 2014



**STATE OF MISSISSIPPI**  
**OFFICE OF THE STATE AUDITOR**  
**STACEY E. PICKERING**  
AUDITOR

**INDEPENDENT AUDITOR'S REPORT ON CENTRAL PURCHASING SYSTEM,  
INVENTORY CONTROL SYSTEM AND PURCHASE CLERK SCHEDULES  
(REQUIRED BY SECTION 31-7-115, MISS. CODE ANN. (1972))**

Members of the Board of Supervisors  
Clarke County, Mississippi

We have examined Clarke County, Mississippi's (the County) compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with Sections 31-7-101 through 31-7-127, Miss. Code Ann. (1972) and compliance with the purchasing requirements in accordance with the bid requirements of Section 31-7-13, Miss. Code Ann. (1972) during the year ended September 30, 2013. The Board of Supervisors of Clarke County, Mississippi is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

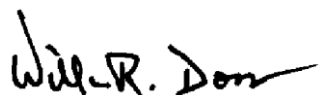
Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the County's compliance with those requirements and performing other procedures as we considered necessary in the circumstances. We believe our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the County's compliance with specified requirements. The Board of Supervisors of Clarke County, Mississippi, has established centralized purchasing for all funds of the County and has established an inventory control system. The objective of the central purchasing system is to provide reasonable, but not absolute, assurance that purchases are executed in accordance with state law.

Because of inherent limitations in any central purchasing system and inventory control system, errors or irregularities may occur and not be detected. Also, projection of any current evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

In our opinion, Clarke County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2013.

The accompanying schedules of (1) Purchases Not Made from the Lowest Bidder, (2) Emergency Purchases and (3) Purchases Made Noncompetitively from a Sole Source are presented in accordance with Section 31-7-115, Miss. Code Ann. (1972). The information contained on these schedules has been subjected to procedures performed in connection with our aforementioned examination of the purchasing system and, in our opinion, is fairly presented when considered in relation to that examination.

This report is intended for use in evaluating the central purchasing system and inventory control system of Clarke County, Mississippi, and is not intended to be and should not be relied upon for any other purpose. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, appearing to read "Will R. Dooss". The signature is fluid and cursive, with a long horizontal stroke at the end.

WILLIAM R. DOSS, CPA  
Director, Financial and Compliance Audit Division

May 19, 2014

CLARKE COUNTY

Schedule 1

Schedule of Purchases Not Made From the Lowest Bidder  
For the Year Ended September 30, 2013

Our test results did not identify any purchases from other than the lowest bidder.

CLARKE COUNTY  
Schedule of Emergency Purchases  
For the Year Ended September 30, 2013

Schedule 2

Our test results did not identify any emergency purchases.

## CLARKE COUNTY

Schedule 3Schedule of Purchases Made Noncompetitively From a Sole Source  
For the Year Ended September 30, 2013

Date	Item Purchased		Amount Paid	Vendor
08/05/2013	Firewall & Server	\$	6,449	Comsouth
08/05/2013	CAD Workstation		19,292	Comsouth
08/05/2013	911 Upgrade		48,954	Comsouth

CLARKE COUNTY

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**STATE OF MISSISSIPPI**  
**OFFICE OF THE STATE AUDITOR**  
**STACEY E. PICKERING**  
AUDITOR

**LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT**

Members of the Board of Supervisors  
Clarke County, Mississippi

In planning and performing our audit of the financial statements of Clarke County, Mississippi (the County) for the year ended September 30, 2013, we considered Clarke County, Mississippi's internal control to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to Clarke County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the County's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated May 19, 2014, on the financial statements of Clarke County, Mississippi.

Due to the reduced scope, these review procedures and compliance tests cannot and do not provide absolute assurance that all state legal requirements have been complied with. Also, our consideration of internal control would not necessarily disclose all matters within the internal control that might be weaknesses. In accordance with Section 7-7-211, Miss. Code Ann. (1972), the Office of the State Auditor, when deemed necessary, may conduct additional procedures and tests of transactions for this or other fiscal years to ensure compliance with legal requirements.

The results of our review procedures and compliance tests identified certain areas that are opportunities for strengthening internal controls and operating efficiency. Our findings, recommendations, and your responses are disclosed below:

Board of Supervisors.

1. The Board of Supervisors should levy the millage rate for Junior College support, enlargement, improvement, and repair per statutes.

Finding

Section 37-29-141, Miss. Code Ann. (1972), requires the Board of Supervisors, as the taxing authority for each County, to levy no less than (a) one (1) mill for support, and (b) one (1) mill for enlargement, improvement and repair of the junior college within the district of which the county is a member. The fiscal year 2013 tax millage levied by the board for the support and enlargement of Jones County Junior College provided the same total dollars as settled in the prior year. However, the millage levied was less than the millage levy prescribed by the state code. As reported in the prior year's audit report, by not properly levying the correct millage the County failed to collect and settle the proper dollar amount to the Jones County Junior College. The County could be responsible for the difference of the (2) mill levy required and the amount collected on the incorrect tax millage levied.

### Recommendation

The Board of Supervisors should ensure that the tax millage levied for support and enlargement, improvement and repair of the junior college should equal no less than 2 mills each year.

### Board of Supervisors' Response

This matter has now been taken care of.

Chancery Clerk.

2. A proper fee account cash journal should be maintained and reconciled to the bank statement on a monthly basis.

An effective system of internal control should include properly maintaining a fee journal and reconciling the bank statement to the fee journal. As reported in the prior three years' audit reports, the fee journal was not properly posted and the bank statement was not reconciled to the fee journal monthly. Due to the omission of controls, we noted erroneous amounts were posted to the fee journal, along with miscalculations, and unreconciled balances. Therefore, the clerk's inaccurate Annual Financial Report resulted in the clerk exceeding the salary cap by \$61,939 for 2012 calendar year. Failure to properly maintain the fee journal and reconcile to the bank statement could result in the loss of public funds.

### Recommendation

The Chancery Clerk should implement controls to ensure the fee journal is properly maintained and reconciled monthly to the bank account. The Clerk should settle the \$61,939 over the salary cap to the county General Fund and ensure that future excess fees are settled timely.

### Chancery Clerk's Response

In 2013, I purchased the fee journal program from Delta. This should help with this problem. The fee journal is not something to take lightly. At the Clerk's Convention, the fee journal is not something that is discussed in detail. You learn as you go.

### Auditor's Note

The Chancery Clerk paid \$61,939 on February 24, 2014 as evidenced by Receipt Warrant #26757.

Solid Waste Clerk.

3. A separate bank account should be maintained for garbage fee collections.

### Finding

An effective system of internal controls should include the separate accounting of garbage fee collections. A separate bank account should be used to account for all garbage fee collections and a separate reconciliation should be prepared for the garbage account. As reported in the prior year audit report, we noted that solid waste user fees were being combined into the tax collector bank account with all the tax collections. Failure to separate the account of the garbage user fees could result in the loss or misappropriation of public funds.

### Recommendation

The Solid Waste Clerk should establish and maintain a separate bank account and reconciliation for the garbage user fees.

#### Solid Waste Clerk's Response

I have discussed this issue with the board of supervisors and will be continuing the discussion but at this time no decision has been made to open an additional checking account. While I can see from an accounting stand-point that one is fee and one is tax, I collect and treat ALL money collected thru my office the same. The same checks and balances apply whether fees or taxes. This is not the only fee collected thru my office and if I change my accountability for solid waste I cannot justify not changing for other fees collected. Solid Waste accounts for less than ten percent of the monies collected thru the same accounting program/procedures as all other collections. I will be implementing more accounting procedures for solid waste in the near future.

#### Auditor's Note

Commingling garbage fees with the tax ad valorem amounts increases the possibility of loss or misappropriation of public funds.

Clarke County's responses to the findings included in this report were not audited, and accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the Board of Supervisors, and others within the entity and is not intended to be and should not be used by anyone other than these parties. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, appearing to read "Will R. Dooss".

WILLIAM R. DOSS, CPA  
Director, Financial and Compliance Audit Division

May 19, 2014

CLARKE COUNTY

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CLARKE COUNTY

SCHEDULE OF FINDINGS AND RESPONSES

CLARKE COUNTY

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## CLARKE COUNTY

### Schedule of Findings and Responses For the Year Ended September 30, 2013

#### Section 1: Summary of Auditor's Results

##### ***Financial Statements:***

- |    |  |            |
|----|--|------------|
| 1. | Type of auditor's report issued on the financial statements: |            |
|    | Governmental activities                                      | Unmodified |
|    | Aggregate discretely presented component units               | Adverse    |
|    | General Fund   | Unmodified |
|    | General Road Fund  | Unmodified |
|    | Aggregate remaining fund information                         | Unmodified |
| 2. | Internal control over financial reporting:                   |            |
|    | a. Material weakness identified?                             | No         |
|    | b. Significant deficiency identified?                        | Yes        |
| 3. | Noncompliance material to the financial statements noted?    | No         |

#### Section 2: Financial Statement Findings

Circuit Clerk

Significant Deficiency

2013-001. Bank deposits should be made on a daily basis.

##### Finding

An effective system of internal controls over collections of criminal and civil accounts should include daily bank deposits. As reported in the prior ten years' audit reports, the criminal and civil collections are not being deposited on a daily basis. During the fiscal year ending September 30, 2013 only four or five deposits were noted per month. Failure to implement proper controls could result in the loss or misappropriation of public funds.

##### Recommendation

The Circuit Clerk should ensure that bank deposits are made daily as required by law.

##### Circuit Clerk's Response

I will now make daily bank deposits on any day that we receive payments.